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July 26, 2002

02-232

BY HAND DELIVERY

Federal Communications Commission
Wireline Competition Bureau
Common Carrier Network Services
P.O. Box 358145
Pittsburgh, PA 15251-5115

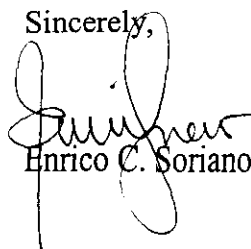
Re: Section 63.03 Application of OnFiber Carrier Services, Inc., OnFiber Carrier Services-Virginia, Inc., Transferees, and Telseon Carrier Services, Inc. and Telseon Carrier Services of Virginia, Inc., Transferors, for Authority for Domestic Transfer of Control Through the Sale of Assets

To Whom It May Concern:

Enclosed herewith for filing with the Commission are an original, a duplicate, and five copies of the above-captioned application. Form 159 (Remittance Advice) and a check in the amount of \$815 to cover the filing fee are also enclosed.

Please date-stamp the enclosed duplicate copy and return it to the delivering courier. If there are any questions regarding this filing, please contact me at (202) 955-9866, or Stephanie Bishop at (202) 955-9869. Thank you in advance for your assistance with this matter.

Sincerely,



Enrico C. Soriano

Enclosures

cc: James Booth (OnFiber) (with enclosures)
Steve Miller (Telseon) (with enclosures)

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Section 63.03 Application of)
)
ONFIBER CARRIER SERVICES, INC. AND)
ONFIBER CARRIER SERVICES-VIRGINIA, INC.)
TRANSFEREES,)
)
AND)
)
TELSEON CARRIER SERVICES, INC. AND)
TELSEON CARRIER SERVICES OF VIRGINIA, INC.)
TRANSFERORS,)
)
For Authority for Domestic Transfer of Control)
Through the Sale of Assets from)
Telseon Carrier Services, Inc. and Telseon)
Carrier Services of Virginia, Inc.)
to OnFiber Carrier Services, Inc. and)
OnFiber Carrier Services-Virginia, Inc.)

WC 02-232

SECTION 63.03 APPLICATION

OnFiber Carrier Services, Inc. ("OnFiber Carrier") and OnFiber Carrier Services-Virginia, Inc. ("OnFiber-Virginia") (collectively, the "OnFiber Entities") and Telseon Carrier Services, Inc. ("Telseon Carrier") and Telseon Carrier Services of Virginia, Inc. ("Telseon-Virginia") (collectively, the "Telseon Entities") (collectively, the OnFiber Entities and the Telseon Entities are hereinafter referred to as the "Joint Applicants"), by their undersigned attorneys and pursuant to Section 214(a) of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, and Sections 63.03 and 63.04 of the Commission's Rules, 47 C.F.R. §§ 63.03 and 63.04, hereby respectfully request authority for the domestic transfer of control

through the sale of certain telecommunications assets from the Telseon Entities to the OnFiber Entities in California, Colorado, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania, Texas, Virginia, and the District of Columbia.¹ The Commission's authority is being sought as a result of an agreement between the OnFiber Entities and the Telseon Entities whereby the OnFiber Entities and their parent, OnFiber Communications, Inc., will purchase certain of the assets and assume some of the liabilities of the Telseon Entities and their parent, Telseon, Inc. Accordingly, in compliance with applicable law, the Joint Applicants are filing this Application to "transfer control of lines" as domestic carriers operating under Section 214 of the Act. *No customers currently receiving telecommunications services from the Telseon Entities are being transferred to the OnFiber Entities as a result of this Transaction.* The Joint Applicants respectfully provide the following information pursuant to Section 63.04(a) of the Commission's Rules:

1. Name, address and telephone number of each applicant:

The Joint Applicants names, addresses, and telephone numbers are:

ONFIBER CARRIER SERVICES, INC. AND
ONFIBER CARRIER SERVICES-VIRGINIA, INC.
8101 E. Prentice Ave., Suite M 202
Englewood, Colorado 80111
(866) 663-4237 (toll-free)

TELSEON CARRIER SERVICES, INC. AND
TELSEON CARRIER OF VIRGINIA, INC..
7887 East Belleview Avenue, Suite 600
Englewood, CO 80111

¹ Under the Commission's new streamlined procedures for domestic transfer of control applications, sales of assets where no customers will lose service or have their service impaired as a result of the transaction are no longer subject to blanket authority, but rather now are treated as transfers of control that require Commission approval. *See In the Matter of Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, CC Docket No. 01-150 (rel. March 21, 2002) (*Streamlining Order*).

(866) 835-7366 (toll-free)

2. Government, state or territory under the laws of which each corporate or partnership applicant is organized:

OnFiber Carrier is a privately held company organized under the law of Delaware;
OnFiber-Virginia is a privately held company organized under the laws of Virginia.
Telseon Carrier is a privately held company organized under the laws of Delaware;
Telseon-Virginia is a privately held company organized under the laws of Virginia.

3. Name, title, post office address, and telephone number of the officer or contact point, such as legal counsel, to whom correspondence concerning this application is to be addressed:

Correspondence concerning this Application should be sent to:

Enrico C. Soriano	Steve Miller
KELLEY DRYE & WARREN LLP	TELSEON, INC.
1200 19 th Street, N.W., Suite 500	7887 East Belleview Ave., Suite 600
Washington, DC 20036	Englewood, CO 80111
(202) 955-9866 (telephone)	(720) 554-7012 (telephone)
(202) 955-9792 (facsimile)	(720) 554-7259 (facsimile)
Attorney for OnFiber	Attorney for Telseon

With copies to:

James F. Booth
Vice President, Legal
OnFiber Communications, Inc.
8101 E. Prentice Ave.
Suite M 202
Englewood, CO 80111
(303) 729-3150 (telephone)
(303) 729-3110 (facsimile)

4. Name, address, citizenship and principal business of any person or entity that directly or indirectly owns at least 10% of the equity of the applicant, and the percentage of equity owned by each of those entities (to the nearest 1 percent):

The OnFiber Entities are wholly-owned subsidiaries of OnFiber Communications, Inc. ("OnFiber Communications"). The Telseon Entities are wholly-owned subsidiaries of Telseon, Inc. OnFiber Communications, Inc. is a Delaware corporation located at 8101 E. Prentice Avenue, Suite M202, Englewood, CO 80111.

Telseon, Inc. is a Delaware corporation located at 7887 East Belleview Avenue, Suite 600, Englewood, CO 80111.

The following entities directly or indirectly own at least 10% of the equity of the Telseon Entities:

DLJ and Affiliate	31.86%
Crosspoint Venture Partners	15.42%
Seven Rosen Funds	13.85%

The following entities directly or indirectly own at least 10% of the equity of the OnFiber Entities:

Incepta	28%
Bear Stearns	16%
TeleSoft	11%

5. Certification pursuant to 47 C.F.R. sections 1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853.

As evidenced by the signatures to this Application, the Joint Applicants certify that no party to this Application is subject to denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

6. A description of the transaction:

On June 26, 2002, by Letter Agreement (the "Letter Agreement"), OnFiber Communications and Telseon IP Services, Inc., Telseon Carrier Services, Inc., Telseon Carrier Services of Virginia, Inc., and Telseon, Inc. (collectively, the "Telseon Companies") agreed to a transaction pursuant to which OnFiber Communications will purchase substantially all of the assets and assume certain of the liabilities of the Telseon Companies (the "Transaction").² At the closing date, which is contemplated to be no later than August 16, 2002, subject to certain conditions being met, OnFiber Communications will pay directly to the Telseon Companies' creditors the settlement amounts negotiated by the Telseon Companies to satisfy their debt obligations, in addition to stock consideration comprised of no more than 7,100,000 shares of OnFiber Communications' common stock, representing no

² Although OnFiber Communications, and not OnFiber, is the actual party to the Letter Agreement, the Telseon Entities' regulated assets in the relevant states will ultimately be transferred to the OnFiber Entities. The OnFiber Entities will be the operating entities in the relevant jurisdictions, and OnFiber Communications will remain the holding company.

than 11% of OnFiber Communications' fully-diluted capitalization as of the date of the Letter Agreement.³

The consummation of the Transaction is also contingent upon the receipt of all necessary regulatory approvals from the Commission and the relevant state commissions. *No customers currently receiving telecommunications services from the Telseon Entities are being transferred to the OnFiber Entities as a result of the Transaction.* Rather, the Telseon Entities' *only* customer, Telseon IP Services, Inc., an affiliate and an unregulated ISP provider, is voluntarily terminating the transport service it is currently receiving from the Telseon Entities.

7. *A description of the geographic areas in which the transferor and the transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:*

The OnFiber Entities currently are authorized to provide resale and facilities-based local exchange and interexchange services in 20 states, including but not limited to, California, Colorado, District of Columbia, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania, Texas, Virginia, and Washington. They operate fiber optic networks in major metropolitan areas, delivering broadband connectivity services principally to other carriers and Internet Service Providers ("ISPs") through SONET, Ethernet, and Optical Wavelength product offerings.

The Telseon Entities are currently authorized to provide resale and facilities-based local exchange and interexchange services in approximately 19 states, including but not limited to, Arizona, California, Colorado, District of Columbia, Florida, Georgia, Illinois, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, Virginia. They provide a wide range of broadband and high-speed digital private line services principally to other carriers and ISPs over fiber optic networks in major metropolitan areas.

The geographic areas relevant to the instant Application are the Telseon Entities' assets located in California, Colorado, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania, Texas, Virginia, and the District of Columbia.

³

The Letter Agreement also sets forth the rights and obligations of the Joint Applicants, as well as the course of action to be followed, in the event that the Telseon Companies were to file for bankruptcy protection prior to the closing of the Transaction. Among other things, the Letter Agreement expressly requires the parties to enter into an Asset Purchase Agreement providing for the purchase of the Telseon Companies' assets by OnFiber Communications pursuant to Section 363 of the United States Bankruptcy Code. It is difficult to predict whether, and if so when, the Telseon Companies would ultimately seek bankruptcy protection. If such an event occurs, the Joint Applicants will advise the Commission and, if necessary, amend or revise the Application to more accurately reflect the Transaction.

8. A statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:

The instant Application fits into the presumptive streamlined category in Section 63.03(b)(2)(i). After the proposed transaction, the OnFiber Entities will have a market share in the interstate, interexchange market of less than 10 percent, and the OnFiber Entities will be providing telecommunications services only in geographic areas served by a dominant local exchange carrier that is not a party to the transaction. Further, none of the Joint Applicants is dominant with respect to any service.

9. Identification of all other Commission applications related to the same transaction:

No other applications relating to the Transaction are being filed with the Commission. In particular, the notification requirements of Section 64.1120 of the Commission's Rules do not apply because no telecommunications customer is being transferred as a result of the Transaction. Rather, as indicated above, the Telseon Entities' sole customer, a Telseon affiliate, is voluntarily terminating its service. Likewise, no discontinuance application is being filed because, as the Commission has explicitly stated, a discontinuance application must be filed when the acquisition will result in a reduction or impairment of service, and a transfer of control application should be filed when the acquisition will not result in any such disruption.⁴ Where, as here, no disruption of service is contemplated, the Commission's regulations do not require the filing of a discontinuance application.

10. A statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

The Joint Applicants understand that if this Application is deemed complete and is accorded streamlined treatment by the Commission, the Joint Applicants may complete the transfer on the 31st day following issuance of the Public Notice. Although the Telseon Companies are currently in a precarious financial situation, the Joint Applicants are requesting special consideration on the assumption that their Application can be approved expeditiously pursuant to the Commission's streamlined process. However, if for any reason approval of the Application would require a longer period, the Joint Applicants would seek special consideration due to the imminent business failure of the Telseon Companies.

11. Identification of any separately filed waiver requests being sought in conjunction with the transaction:

The Joint Applicants are not filing a separate waiver request in conjunction with the Transaction.

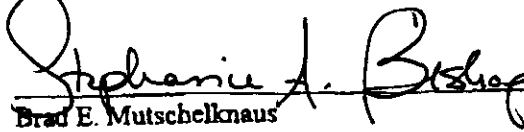
⁴ See Streamlining Order at ¶ 63.

12. A statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

The Joint Applicants respectfully submit that grant of this Application will serve the public interest. The Commission's grant will avoid the Telseon Companies' bankruptcy filing because of their precarious financial situation. Moreover, the transfer of the assets to the OnFiber Entities will increase competition in the domestic telecommunications markets by making it possible for the OnFiber Entities to expand their market reach. Given the difficult times faced by competitive carriers, it is all the more important to preserve existing competitive facilities-based options and robust local competition in the local and interexchange telecommunications market.

For these reasons, the Joint Applicants respectfully request that the Commission grant this Application.

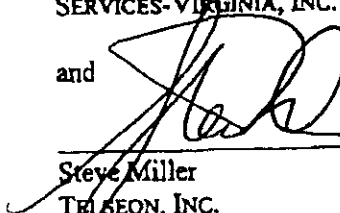
Respectfully submitted,



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Counsel for ONFIBER CARRIER
SERVICES, INC. and ONFIBER CARRIER
SERVICES-VIRGINIA, INC.

and



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miller@telseon.com

Counsel for TELSEON CARRIER
SERVICES, INC. and TELSEON
CARRIER SERVICES OF VIRGINIA, INC.

Dated: July 26, 2002

VERIFICATION

I, James F. Booth, being first duly sworn, state that I am Vice President, Legal, of OnFiber Communications, Inc. and its subsidiaries, OnFiber Carrier Services, Inc. and OnFiber Carrier Services-Virginia, Inc. (collectively, "OnFiber"); that I am authorized to make this Verification on their behalf; and that the statements in the foregoing document relating to OnFiber, except as otherwise specifically attributed, are true and correct to the best of my knowledge, information and belief.

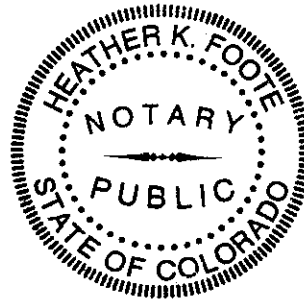
James F. Booth
James F. Booth
Vice President, Legal

Subscribed and sworn to before me this 18th day of July, 2002.

Heather K. Foote

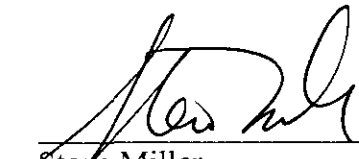
Notary Public

My Commission expires: June 15, 2005



VERIFICATION

I, Steve Miller, being first duly sworn, state that I am Executive Vice President and General Counsel of Telseon, Inc. and its subsidiaries, Telseon Carrier Services, Inc. and Telseon Carrier Services of Virginia, Inc. (collectively, "Telseon"); that I am authorized to make this Verification on their behalf; and that the statements in the foregoing document relating to Telseon, except as otherwise specifically attributed, are true and correct to the best of my knowledge, information and belief.



Steve Miller
Executive Vice President and
General Counsel

Subscribed and sworn to before me this 18th day of July, 2002.



Notary Public

Notary Public

My Commission expires: June 15, 2005

